

South Carolina Department of Insurance

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BULLETIN NUMBER 2003-06

To: Members of the South Carolina Insurance Industry Transacting Life,
Accident and Health Insurance Business

From: Ernst N. Csiszar 
Director

Re: Withdrawal of Bulletin #79-3—Guidelines for Graded or Delayed
Insurance Policies

Date: April 15, 2003

I. Purpose

The purpose of this Bulletin is to withdraw Bulletin #79-3. This Bulletin supersedes and replaces that Bulletin.

II. Revised Guidelines for Graded and Delayed Life Insurance Policies

In order for a policy described above to be considered for approval, it must meet the following conditions:

- (1) The policy must be guaranteed issue only. No health questions are permitted in the application.
- (2) The benefit during the modified or deferred period must be at least equal to the premiums paid plus 5% interest.
- (3) (a) If the policy provides only for a return of premium plus interest during any year of the modified period, the following wording must appear on the face of the policy in bold, conspicuous print 4 point size greater than the type used in the remainder of the form : "No life insurance for 'x' years; life insurance delayed for 'x' years; or life insurance deferred for 'x' years."
- (b) If death benefit is more than return of premium plus interest for all years of the modified period, the following wording must appear on the

cover in bold, conspicuous print 4 point size greater than the type used in the remainder of the form: "Graded life insurance for the first 'x' years; not in full benefit until 'x' years."

(4) The application, any advertisement and any sales brochure must all contain a warning similar to those prescribed in (3) above.

(5) Inclusion of a brief description or title to the policy which must contain a reference to the policy not being in full benefit for 'x' years.

(6) The forms must otherwise comply with applicable provisions of South Carolina insurance law.

III. Questions

Any questions or concerns about this Bulletin should be addressed to the attention of:

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